

# SHEEHAN PHINNEY

## Business Formation & Succession Planning

Sheehan Phinney has developed extensive expertise in identifying the proper entity for business and investment activities, and in assisting clients in the orderly transfer of ownership, whether within a family unit, among employees or to new investors or operators.

Successful entity planning requires a multi-disciplinary approach, applying sophisticated income and estate tax analysis, an advanced knowledge of the laws that govern entity formation and operation, an understanding of employee benefits and ESOPs (employee stock ownership plans), an ability to work with advanced capital structures and a particular sensitivity to limiting the legal exposure of owners and managers. Sheehan Phinney emphasizes internal teamwork to present clients with a seamless solution to their planning needs that combines advanced technical skills with a pragmatic, client-oriented perspective.

Members of the firm have taken prominent roles in the drafting and adoption of New Hampshire's Business Corporation Act; its Limited Liability Companies statute and the revision of its Uniform Limited Partnership Act. In addition, a Sheehan Phinney lawyer was one of the principal drafters of New Hampshire's revised Uniform Securities Act, RSA 421-B, and testified before the New Hampshire legislature on the statute. The new statute simplifies the requirements applicable to many transfers of company ownership, whether to family members, to employees or to independent investors. Sheehan Phinney also has extensive experience in establishing and structuring entities in Massachusetts, Delaware and other jurisdictions.

Sheehan Phinney also has deep expertise in the benefits area, and can assist clients in determining if an ESOP is an appropriate vehicle to diversify ownership. Our tax and estate planning lawyers possess unusual insights to the income and estate tax issues a client must consider when choosing the appropriate form of entity. The firm's tax lawyers have a sophisticated understanding of the taxation of pass-through entities, and the ability to draft agreements that accurately implement the desired tax treatment. Our estate planning lawyers have extensive experience in structuring family limited partnerships, a strategy that often plays a major role in succession planning for older business owners. Our business formation and succession planning attorneys can help the client answer such questions as: Should the entity itself be taxable, or should its taxable income pass through to its owners? How can the client distribute equity in the business without generating adverse tax consequences? Is it possible to permit younger family members to participate in new ventures so that future increases in value accrue to their ownership rather than to the older generation?

Practice Area Chair  
**Alexander H. Pyle**

### Members

- Peter T. Beach
- Joseph A. DiBrigida
- Michael J. Drooff
- Janet B. Fierman
- Joel G. Kinney
- Jon S. Liland
- Colleen Lyons
- Lynn J. Preston
- Alexander H. Pyle
- Alan L. Reische
- Paul S. Reuland

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Members of the group have well-established relationships with other professionals – accountants, investment bankers, financial advisors and appraisers – who are vital members of the client team. Working as a team, the Sheehan Phinney lawyers deliver holistic solutions to their clients' complex business formation and succession planning needs.

## **Key Matters:**

- Regularly advise founders of start-up companies in selecting the appropriate form of entity, establishing arrangements among the founders, and structuring for future growth.
- Counseled numerous family owned businesses through successful ownership transitions in a variety of industries.
- Represented management group in structuring and forming entity to acquire assets in management buyout transaction.
- Shareholder Janet B. Fierman was a contributor in the book *Family Enterprises: How to Build Growth, Family Control and Family Harmony*. Her chapter focuses on the challenges presented when a family business owns real estate.